



**UNITED STATES DEPARTMENT OF COMMERCE  
Patent and Trademark Office**

Address: COMMISSIONER OF PATENTS AND TRADEMARKS  
Washington, D.C. 20231

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.
-----------------	-------------	----------------------	---------------------

09/259,619 03/01/99 LABADIE

T 210655.90018

EXAMINER

TM02/1220

KEITH M BAXTER  
QUARLES & BRADY  
411 EAST WISCONSIN AVE SUITE 2550  
MILWAUKEE WI 53202-4497

ROSSI, J

ART UNIT

PAPER NUMBER

2165

DATE MAILED:

12/20/00

**Please find below and/or attached an Office communication concerning this application or proceeding.**

**Commissioner of Patents and Trademarks**

# Office Action Summary

Application No.  
09/259,619

Applicant(s)  
LABADIE et al.

Examiner  
Jeffrey Allen ROSSI

Group Art Unit  
2165



☒ Responsive to communication(s) filed on Mar 1, 1999

☐ This action is FINAL.

☐ Since this application is in condition for allowance except for formal matters, **prosecution as to the merits is closed** in accordance with the practice under *Ex parte Quayle* 835 C.D. 11; 453 O.G. 213.

A shortened statutory period for response to this action is set to expire 3 month(s), or thirty days, whichever is longer, from the mailing date of this communication. Failure to respond within the period for response will cause the application to become abandoned. (35 U.S.C. § 133). Extensions of time may be obtained under the provisions of 37 CFR 1.136(a).

## Disposition of Claim

☒ Claim(s) 1-7 is/are pending in the applicat

Of the above, claim(s) NONE is/are withdrawn from consideration

☐ Claim(s) \_\_\_\_\_ is/are allowed.

☒ Claim(s) 1-7 is/are rejected.

☐ Claim(s) \_\_\_\_\_ is/are objected to.

☐ Claims \_\_\_\_\_ are subject to restriction or election requirement.

## Application Papers

☒ See the attached Notice of Draftsperson's Patent Drawing Review, PTO-948.

☐ The drawing(s) filed on \_\_\_\_\_ is/are objected to by the Examiner.

☐ The proposed drawing correction, filed on \_\_\_\_\_ is ☐ approved ☐ disapproved.

☐ The specification is objected to by the Examiner.

☐ The oath or declaration is objected to by the Examiner.

## Priority under 35 U.S.C. § 119

☐ Acknowledgement is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d).

☐ All ☐ Some\* ☒ None of the CERTIFIED copies of the priority documents have been  
☐ received.

☐ received in Application No. (Series Code/Serial Number) \_\_\_\_\_

☐ received in this national stage application from the International Bureau (PCT Rule 17.2(a)).

\*Certified copies not received: \_\_\_\_\_

☒ Acknowledgement is made of a claim for domestic priority under 35 U.S.C. § 119(e).

## Attachment(s)

☒ Notice of References Cited, PTO-892

☒ Information Disclosure Statement(s), PTO-1449, Paper No(s). 4

☐ Interview Summary, PTO-413

☒ Notice of Draftsperson's Patent Drawing Review, PTO-948

☐ Notice of Informal Patent Application, PTO-152

— SEE OFFICE ACTION ON THE FOLLOWING PAGES —

Art Unit: 2165

**DETAILED ACTION**

1. This Office Action is responsive to the following communications: the application, filed 1999-03-01 (priority to 1998-03-03); and the IDS of 1999-06-11
2. The disposition of the claims is as follows: Claims 1-7 are pending as filed; ad claim 1 is independent. No claims have been amended or canceled.
3. The group art unit number of the Examiner handling your case has changed. The new art unit is 2165. Please use this number on all correspondence to help us respond in a timely fashion.

***Claim Rejections - 35 USC § 112***

4. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the Applicant regards as his invention.

Art Unit: 2165

5. Claim 2 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which Applicant regards as the invention.

6. Per dependent claim 2, the use of "wherein the statistical element is selected from a group consisting of price..." is vague and indefinite. Applicant set forth a "statistical element indicating a probability...". Price is generally not recognized as a "probability". The Examiner interpreted Applicant as intending to claim "statistical element is based on a factor selected from a group consisting of..."

***Claim Rejections - 35 USC § 102***

7. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless --

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the Applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the Applicant for patent.

8. Claims 1-3 and 5-6 are rejected under 35 U.S.C. 102(e) as being anticipated by Rowney, US Patent no. 5,987,132 A, issued 11/1999.

Art Unit: 2165

9. Per independent claim 1, Rowney demonstrates: an Internet-based payment validation system comprising: a merchant computer ("on line catalogue information on the merchants World Wide Web page"--column 135, lines 11-15; element **130**--FIG. 1B; :merchant web site **180**--FIG. 1C); programmed to communicate with the Internet to create an Internet site listing product for sale ("browser to view on line catalogue information"--page 135, lines 10-15) and indicating a direct payment option ("means of payment has been selected..."--column 135, lines 27-30; "Payment instruments could include... CHECK, SMARTCARD, or DEBIT CARDS"--column **141**, lines 35-40); a customer computer programmed to communicate on the Internet and to communicate with the merchant computer (element **120**--FIG. 1B; consumer desktop **186**--FIG. 1C) to identify the product desired ("select the items to be purchased"--column 135, lines 15-20) to be purchased and to select the direct payment option ("means of payment has been selected"--column 135, lines 26-30), the customer computer further programmed to accept -at least one unique customer identifier (*e.g.*, elements **2904**, **2912**, **2908**, **2910**, **2906**, **2930**, **2932**, or **2934**--FIG. 29; ) from a customer and communicate the same over the Internet; and a processor computer programmed to receiving at least one customer identifier (*e.g.*, elements **2904**, **2912**, **2908**, **2910**, **2906**, **2930**, **2932**, or **2934**--FIG. 29; ) from the merchant computer in response to a selection of the direct payment option, the processor computer further including a data structure matching the customer identifier to at least one statistical element indicating a probability of a payment obligation ("information on the level of credit risk which a merchant to conditionally decide on the authorization ... comfort level with the ability of the cardholder to pay"--column

Art Unit: 2165

141, lines 45-51) by the customer being honored, and based on that matching statistical element, transmitting to the merchant computer an authorization indication indicating whether direct payment for the product should be accepted (“conditional authorization of payment”--column 141, lines 23-25; “level of authorization of credit to gateway”--column 4, lines 50-55; rubric ‘Payment Authorization Response Generation’--column 18, line 5 *et seq.*).

10. Per dependent claim 2, Rowney demonstrates all elements as applied in the rejection of independent claim 1, *supra* and further includes: “the statistical element is selected from a group consisting of a total price of the identified product (“evaluating credit risk based on payment information”--claim 1), the price and timing of previous purchases of other products using the unique customer identifier, the type of identified product and the occurrence of any dishonored payment associated with previous transactions using the customer identifier”.

11. The Examiner notes that dependent claim 2 is a Markush group, therefore, Rowney needs to disclose only one of the claimed elements in order to anticipate the claim. --One acceptable form of an alternative expression is commonly referred to as a Markush group, recites members as being ‘selected from a group consisting of A, B, and C--See *Ex parte Markush*, 1925 C.D. 126 (Comm’r Pat. 1925).

12. However, it is noted in the interest of “compact prosecution” that it was notoriously well known at the time of the invention to assess transaction risk based on timing of purchases of other products and the occurrence of dishonored payment. It would have been obvious to one of ordinary skill in the art at the time of the invention to employ “timing of purchases” and

Art Unit: 2165

“dishonored pavements” of factors in assigning the “risk” of Rowney (column 141, lines 45-51) in order to minimize the chance of a defaulted transaction by using these additional factors which indicate likelihood of default, and thus assess more accurately the “level of credit risk” of Rowney.

13. Per dependent claim 3, Rowney demonstrates all elements as applied in the rejection of independent claim 1, supra and further includes: “wherein the authorization indication is selected from the group consisting of not authorized (“authorization request had been requested”--column “--column 19, lines 39-42), indicating that the acceptance of direct payment is not advised, authorized with no guarantee, indicating that the acceptance of direct payment is acceptably subject to the discretion of the merchant (“allows a merchant to conditionally decide on the authorization or rejection of credit under a particular payment instrument based on their risk level and the merchants ability of the cardholder to pay”--column 141, lines 45-51), and authorized with guarantee, indicating that the amount of the direct payment will be guaranteed by the processor”

The Examiner notes that dependent claim 3 is a Markush group, therefore, Rowney needs to disclose only one of the claimed elements in order to anticipate the claim. --One acceptable form of an alterative expression is commonly referred to as a Markush group, recites members as being ‘selected from a group consisting of A, B, and C--See *Ex parte Markush*, 1925 C.D. 126 (Comm’r Pat. 1925).

Art Unit: 2165

In the interest of "compact prosecution", other elements of the Markush group have been addressed in the remarks, *infra*.

14. Per dependent claim 5, Rowney demonstrates all elements as applied in the rejection of independent claim 1, *supra* and further includes: "wherein the direct payment option is payment by check (CHECK--column 141 line 36) and wherein the data structure includes a bank routing code (*inherent* in "electronic checks"--column 15, line 41) and wherein the processor computer further transmits to an electronic check clearing network information initiating a demand of the unique demand deposit account (*inherent* in "electronic checks"--column 15, line 41).

15. Per dependent claim 6, Rowney demonstrates all elements as applied in the rejection of independent claim 1, *supra* and further includes:" wherein the unique customer identifier is selected from the group consisting of: a driver's license number, a phone number (element 2912--FIG.29), a bank transit and routing number (*inherent* in "electronic checks"--column 15, line 41), a arbitrary personal identification number (element 2908--FIG. 29) and a combination of all of the previous"

The Examiner notes that dependent claim 2 is a Markush group, therefore, Rowney needs to disclose only one of the claimed elements in order to anticipate the claim. --One acceptable form of an **alterative** expression is commonly referred to as a Markush group, recites members as being 'selected from a group consisting of A, B, and C--*See Ex parte Markush*, 1925 C.D. 126 (Comm'r Pat. 1925).



Art Unit: 2165

*Claim Rejections - 35 USC § 103*

16. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

17. Claims 7 is rejected under 35 U.S.C. 102(e) as anticipated by or, in the alternative, under 35 U.S.C. 103(a) as obvious over Rowney, US Patent no. 5,987,132 A, issued 11/1999..

18. Per dependent claim 7, Rowney demonstrates all elements as applied in the rejection of independent claim 1, supra and further includes: " wherein the processor computer solicits from the customer computer (e-catalogue"--column 135, line 10 et seq. browser to view on-line catalogue information"----column 135, line 10 et seq.) and hence the customer a bank routing code for a first transaction with the customer and provides the customer with a portion of the unique customer identifier ("certificate"--column 141, line 24 et seq.).

It is believed that Rowney discloses all elements of dependent claim 8. However, in the case that Applicant disagrees that it meets the limitation of "solicits", it was notoriously well known to solicit orders through various means, e.g., e-mail, at the time of the invention. It would have been obvious to one of ordinary skill in the art at the time of the invention for Rowney to "solicit", e.g., advertise, in the e-catalogue in order to attract more sales.

Art Unit: 2165

19. Claims 4 is rejected under 35 U.S.C. 103(a) as obvious over Rowney, US Patent no. 5,987,132 A, issued 11/1999

20. Per dependent claim 4, Rowney demonstrates all elements as applied in the rejection of independent claim 1, supra. Furthermore, it was notoriously well-known to print out a check when performing an electronic draft at a merchants computer. It would have been obvious to one of ordinary skill in the art at the time of the invention to print out the check of Rowney at merchants cite 130--Fig. 1B, in order to have a written copy of the transaction. An alternate motivation for doing this would have been in order to allow the merchant to clear the check by additional means.

#### Remarks

21. Per claim 3, Rowney lacks a discussion of the claimed guarantee. Bezy et al., on the other hand, demonstrated that it was notoriously well-known in the electronic check acceptance art for a bank or other entity to guarantee a check, especially when a positive assessment of that check had been mad by said entity or affiliate (page 9, lines 9-16 of Bezy et al.). In the interest of "compact prosecution", it is hereby noted that it would have been obvious to one of ordinary skill in the art at the time to the invention to provide a guarantee when making a positive assessment of risk in the device of Rowney in order to protect small merchants from losses due to bad checks that were approved, and to provide confidence in the approval rating scheme of Rowney.

Art Unit: 2165

***Prior-Art Cited but not Explicitly Discussed, Supra***

US 5,794,207 A (Walker et al.) provides for risk assessment in an online auction of buyers and sellers

US 5,946,669 A (Slater) gives a general teaching on electronic fund transfers

US 6,098,053 A (Slater) gives a general teaching on electronic fund transfers

US 6,125,349 A (Maher) discloses electronic credentials which are verified on-lin. See *esp.* abstract, Figures, and Summary of the Invention)

Art Unit: 2165

*Conclusion*

Any response to this action should be mailed to:

Commissioner of Patents and Trademarks  
Washington, D.C. 20231

or faxed to

(703)-308-9051 (**formal** communications intended for entry)

Or:

(703)-305-9724 (**informal** communications labeled **PROPOSED** or **DRAFT**)

Hand-delivered responses should be brought to:

Sixth Floor Receptionist, Crystal Park II, 2121 Crystal Drive, Arlington, VA.

22. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jeffrey ROSSI whose telephone number is (703) 308-5213 . The examiner can normally be reached on Monday - Friday from 0830 to 1630 EST.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vinnnie MILLIN, can be reached on (703) 305-9703.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Group receptionist whose telephone number is (703) 308-1065.

JAR

2000-12-18

  
MARK R. POWELL  
SUPERVISORY PATENT EXAMINER  
GROUP 2700